FIRST PUBLIC CONSULTATION
- REVISION OF THE ECOSYSTEM SERVICES PROCEDURE

FSC Climate and Ecosystem Services / Forest Management teams
24 January 2023
OBJECTIVES

1. Present the key topics of the draft of the Ecosystem Services Procedure that are up for consultation.

2. To incentivise the public in providing key and concise input in the FSC Consultation Platform.

3. To answer questions from the public.
# AGENDA

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Submit your questions on Slido

During this presentation please use Slido to submit your questions and upvote others.

Join at slido.com #4124 587
BACKGROUND AND INTRODUCTION
How did the revision of the Ecosystem Services Procedure start?

1. Review report recommended the full revision of the ES PRO
   (consulted in Dec 2021 – Jan 2022)

2. Motion 48/2021 was approved at the FSC GA 2021
   (Streamline the Ecosystem Services PRO)

FSC’s Performance and Standards Unit recommended the full revision of the procedure following the regular review cycle.

When Motion 48 (which requested streamlining the FSC ES PRO) was approved, the revision of ES PRO was, consequently, also approved.

In 2022 two key motions were approved at the FSC GA

3. Motion 49 was approved at the FSC GA 2022
   (ES PRO as a mitigation mechanism)

4. Motion 53 was approved at the FSC GA 2022
   (Incorporate the recognition of cultural services and practices of Indigenous Peoples in ES PRO)
### Who are the members of the TWG? And who from FSC is participating?

<table>
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<th>TWG</th>
<th>FSC</th>
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<tr>
<td>Wesley Snell</td>
<td>Consultancy (ETIFOR)</td>
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<tr>
<td>Jens Holm Kanstrup</td>
<td>NGO (Forest of the World)</td>
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<tr>
<td>Alan Smith</td>
<td>Individual</td>
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<tr>
<td>Ana Sofia Vaz</td>
<td>Research (University of Porto)</td>
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<tr>
<td>Rachele Perazzolo</td>
<td>FSC Italy</td>
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<tr>
<td>Sriskandh Subramanian</td>
<td>Certification (The Gold Standard Foundation)</td>
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| Supervisors | Asger Olesen
              | Maria Melero                              |
| Coordinators | Francesco Patiño
              | Ulises Flores
              | Lauri Moisander                           |
| Two Steering Groups | a) The Performance Steering Group (PSG),
                     | b) The Climate and Ecosystem Services (CES)
                     | Steering Group                           |
|            | (CES and markets)                       |
|            | (FM certification)                      |
|            | (Process coordinator)                   |
|            | (Technical coordinator)                 |
|            | (Technical coordinator)                 |
## What are the key topics to address as presented in the Terms of Reference?

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<th>Fundamental</th>
<th>Product</th>
<th>Integrity</th>
<th>Revenue</th>
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<tr>
<td>✓ Baseline setting requirements</td>
<td>✓ Develop and add new impacts and improved metrics</td>
<td>✓ ES claim registry system</td>
<td>✓ Promotion of ES claims</td>
<td>✓ Mandatory data sharing with FSC</td>
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<td>✓ Smallholders and communities</td>
<td>✓ Expand the number of market tools and claims</td>
<td>✓ Rights to use and transfer claims (demand)</td>
<td>Only input from TWG (no consensus)</td>
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<td>✓ Bundling of ES impacts (Nature-based claims)</td>
<td>✓ Thresholds for ES claims and FM claims</td>
<td>✓ Use of claims and credits (supply)</td>
<td>• Secure income from claims</td>
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<td></td>
<td></td>
<td>✓ National criteria in ES Procedure</td>
<td>• Revenue collectors</td>
<td></td>
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<td></td>
<td></td>
<td>✓ Requirements for CBs</td>
<td>• New mandatory PLA</td>
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**Integrity** - Only input (no consensus):  
- International exchanges  
- Association with external schemes
Which bodies are we engaging with?

- Consultative Forum
- FSC members
- FSC Network Partners
- FSC international
- Certificate holders
- Certification bodies
Participate in the First Public Consultation of the revision of the Ecosystem Services Procedure!

- Open from **16 January – 17 March 2023**

- Via the **FSC Consultation platform** at **consultation-platform.fsc.org**
  - The consultation is presented in English (link here) and Spanish / French (link here).

- **Webinars:**
  - 9:00-10:00 CET, 24 January 2023, in English with simultaneous translation into Spanish and French.
  - 17:00-18:00 CET, 21 February 2023, in English with simultaneous translation into Spanish and French. (Register here)
KEY CONCEPTS IN THE DRAFT UP FOR CONSULTATION
What are the key concepts in the revised draft of the Ecosystem Services Procedure? (1/3)

1. Preconditions and additional safeguards for forest managers, sponsors, project developers

   It retains Forest Management Certification as a prerequisite for the use of the procedure. It introduces and adds clarity to the role and requirements for The Organization, Project Developers and sponsors.

2. Requirements for applicants for FSC Forest Management Certification

   It improves clarity over how FSC Forest Management Certificate Holders and applicants for certification can use the procedure.

3. Introductory requirements for the use of FSC Ecosystem Services Claims

   It improves clarity for the eligibility criteria to use claims covering topics of integrity to regulate ownership, validity, registration, and benefit sharing.
What are the key concepts in the revised draft of the Ecosystem Services Procedure? (2/3)

4. Enhancement of the impact demonstration process enabling quantitative and qualitative claims based on impact data

It incorporates footprint impact data from management units and evaluates the improvement of management activities based on quantitative indicators. This enables using claims for reporting progress for achieving science-based targets, for example.

5. Additional requirements for promotion and communication, together with rules for sponsors

It regulates the allowed statements for promotion and communication to avoid greenwashing, fake claims and misleading marketing statements.

6. Framework to govern the right to use claims

It frames fundamental safeguards for the use of claims involving the mitigation hierarchy, double counting, and alignment with other trusted schemes, to ensure integrity.
What are the key concepts in the revised draft of the Ecosystem Services Procedure? (3/3)

7. Additional requirements for Certification Bodies (CBs)

It adds requirements regarding **data sharing and FSC registry system** which represent the backbone to ensure integrity, transparency and credibility for regulating and monitoring claims.

8. Improvement of impacts and ecosystem services regarding cultural services

It covers the recognition of **cultural services and practices of Indigenous Peoples**, enabling claims adequate for such users.

9. Streamlined application of the procedure and additional possibilities for SLIMF and Community Forests

It requires a **mandatory benefit sharing mechanism** and minimum distribution of revenue to identified beneficiaries.

It allows for **SLIMF and community forests to have streamlined possibilities** to demonstrate positive impacts.

It also allows for **claims to be made with the purpose of ‘neutralization’** when the impacts have been demonstrated on SLIMF and/or community forest management units.
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TOPIC 1. Overall structure, language and clarity over terms and definitions

One of the overall objectives for the revision is to improve language, structure and overall flow of the procedure.

New terms have been defined, e.g., in-scope/out-of-scope, mitigation hierarchy, approaches to demonstrate impact and neutralisation.

• **Q1:** are clarity and flow of the document improved?

• **Q2:** are language and requirements clear and understandable?

• **Q3:** are requirements for different actors (e.g., The Organization, project developer, applicants, sponsor) clear?

• **Q4:** Suggestions to improve language, structure and overall flow of the document.

• **Q5:** Suggestions to improve the Terms and Definitions.
TOPIC 2. Flexible FSC Forest Management Certification to use the FSC Ecosystem Services Procedure

FM certification is a prerequisite for the use of the ES PRO.
- **PRO**: benefits and safeguards from the FM certification for the ES claims.
- **CON**: additional cost, complexity and barriers for small, low-intensity managed and communities.

Continuous Improvement Procedure (CIP) facilitates access for SLIMF and community forests to achieve FM Certification.

TWG seeks input about a partial FM certification specifically for the ES-PRO:
- Partial entails that some requirements from P&C, related to timber harvesting / management and site disturbing activities would not apply.

• **Q6+7**: Is the prerequisite (FM certification) needed for small, low-intensity managed (SLIMF) and community forests?

• **Q8+9**: Is the prerequisite (FM certification) needed for MUs where there has NOT been any commercial logging activities in the forest for the past at least 10 years?

• **Q10**: Could partial FSC FM Certification provide a feasible baseline requirement for the use of the ES PRO?
TOPIC 3. Applying for FSC Forest Management Certification and FSC Ecosystem Services Claims simultaneously

As FM certification is retained currently as a prerequisite, there are two options available for applicant certificate holders:

1. **Applicants** for FM may have ecosystem services **impacts validated** (no use of claims).
2. Applicants may request **verification of ecosystem services impacts** (allows use of claims) at the main (FM) evaluation.
   - **PRO:** Streamlined access to ES PRO and benefits (claims)
   - **CON:** no baseline of responsible forest management under FSC FM.

• **Q11+12**: Do you agree that the parallel processes for the initial FM certification process and the application of the ES PRO and verification of impacts is appropriate?
TOPIC 4. Safeguards for the use of claims, in-scope and out-of-scope uses

**In-scope**: direct and indirect GHG emissions within the value chain of an organization.

**Out-of-scope**: GHG emissions that fall beyond the value chain of an organization.

**Neutralisation**: measures to remove carbon from the atmosphere and permanently store it to counterbalance unabated emissions.

- **Q13**: agree with having claims for the purpose of out-of-scope in ES PRO?
- **Q14+15**: risks of claims for the purpose of out-of-scope only from SLIMF and community forest?

ES PRO introduces **requirements** for the use of **claims for out-of-scope**:

- Commitment to an approved **net-zero target** in accordance with the mitigation hierarchy
- Claims are **unique, not transferable**, not bankable, and **immediately retired** upon registration of sponsorship
- **Claims for neutralisation** can only be used: a) SLIMF and CF; b) MU not eligible for in-scope projects; c) MU that do not supply round wood
TOPIC 5. Remote audits to verify impacts on ecosystem services

ES PRO is aligned with the revised FSC-STD-20-007 FM Evaluations, which will allow a remote audit method to be used as a part of the FM evaluation.

Consultation focuses on two approaches to use remote auditing to verify ES impacts:

- **SPECIFIC**: only certain impacts would require an on-site audit
- **OPEN**: CB to decide if the impact requires an on-site audit

- **Q16**: are remote audits feasible to verify all ES impacts?
- **Q17**: what is your preferred remote audit approach?
- **Q18**: for a ‘SPECIFIC’ approach: what impacts to consider?
- **Q19**: for an ‘OPEN’ approach: which eligibility criteria to consider?
- **Q20**: additional rationale
ES PRO includes new clauses that frame the concept of a benefit sharing mechanism.

Proposal: to share 60% of income from the financial sponsorship of any claim, after payment of any charges, taxes or similar fees, with the beneficiaries of the benefit sharing mechanism.

- Q21: agree with a mandatory benefit sharing mechanism?
- Q22+23: agree with sharing with identified beneficiaries 60% of the net income from financial sponsorship?
TOPIC 7. Bundling claims

The term ‘multiple positive impacts’ may be included in promotional statements when The Organization has verified impacts in at least three of these ecosystem services: biodiversity, water, carbon and soil.

It is expected the term provides added value to the otherwise individual claims.

• Q24: value for forest managers in the use of ‘multiple positive impacts’?

• Q25+26: value for sponsors in the use of ‘multiple positive impacts’?
TOPIC 8. Inclusion of new ecosystem services and impacts

As a first effort to address Motion 53/2021, the ES PRO includes a new ecosystem service ‘ES6: Cultural Practices’ with 4 new impacts:
- Impact 21 ‘Maintenance of cultural practices’,
- Impact 22 ‘Enhancement of cultural practices’,
- Impact 23 ‘Maintenance of culturally valued populations or species,’ and
- Impact 24 ‘Enhancement of culturally valued populations or species’.

Q27+28: new ecosystem services, including impacts and indicators, and/or new impacts in current ecosystem services?
Timeline of the revision process

We invite you to participate in the coming **field tests**!

The call for applications is expected to be launched in Q1 2023.

If you are interested in participating in the field test, or being contacted to discuss about it, **please write to Francesco Patiño at f.patino@fsc.org**
Thank you